

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: AQUILA, INC., d/b/a AQUILA NETWORKS	DOCKET NO. TF-03-556
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ORDER APPROVING TARIFF AND CLOSING DOCKET

(Issued April 1, 2004)

On December 17, 2003, Aquila, Inc., d/b/a Aquila Networks (Aquila), filed a proposed tariff to reflect changes in the Federal Energy Regulatory Commission's (FERC)-approved tariff of Northern Natural Gas Company (Northern), a pipeline that serves Aquila. In Northern's current FERC rate case, Docket No. RP03-398-000, FERC issued an order approving certain tariff provisions designed to limit arbitrage by transportation customers. The approved provisions relate to over-takes and under-takes and was issued as a result of technical conferences at FERC. Aquila proposes to adopt Iowa tariff provisions consistent with Northern's new FERC tariff language.

On January 6, 2004, Cornerstone Energy, Inc. (Cornerstone), filed an objection to Aquila's proposed changes. On January 16, 2004, the Board issued an order docketing the proposed tariff. The Board stated in the order that it would not set a procedural schedule but would instead allow Aquila and Cornerstone an opportunity to discuss the issues raised by Cornerstone.

On January 20, 2004, Aquila filed a pleading that indicated it had been unable to resolve the issues raised by Cornerstone and requesting the Board establish a procedural schedule. On February 4, 2004, the Board issued an order delaying the establishment of a procedural schedule until after FERC issued its order on rehearing of the technical conference issues.

On March 29, 2004, Aquila re-filed its proposed tariffs with revised effective dates and Cornerstone filed a pleading withdrawing its opposition to the proposed tariff. Cornerstone states that it no longer has an objection to the Aquila tariff provisions as revised.

The Board has reviewed the proposed tariff sheets as revised on March 29, 2004, and finds they are reasonable. The proposed tariff mirrors provisions approved by FERC for Northern. These provisions are intended to limit the ability of transportation customers to engage in arbitrage on the Northern system. The proposed tariff filed by Aquila will limit the ability of Aquila transportation customers to engage in arbitrage on Aquila's system. The Board will approve the proposed tariff sheets and close this docket.

IT IS THEREFORE ORDERED:

1. The proposed tariff filed by Aquila, Inc., d/b/a Aquila Networks, on December 17, 2003, as revised on March 29, 2004, is approved.

2. Docket No. TF-03-556 is closed.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 1st day of April, 2004.